July 17, 2003

Dissenting Views on H.R. 2738,
the Chile Free Trade Agreement Implementing Legislation

If these two trade agreements were truly going to benefit U.S. workers, as the Administration claims, then we would have no reservations and would gladly support both agreements today. However, the lack of strong labor enforcement language, the addition of a new permanent work visa program, and the use of these agreements as a template for future trade agreements is sufficient reason to oppose both agreements and the implementing legislation.

Our nation's unemployment rate reached 6.4 percent in June—the highest rate in more than nine years, causing a loss of more than one million jobs in the last three months alone. The Bush Administration's solution is to pursue trade agreements that depart from the standard set by the US-Jordan Free Trade Agreement and return to the failed North American Free Trade Agreement (NAFTA) model. As of September 2000, the U.S. lost over half a million jobs due to NAFTA. Over three-quarters of the jobs lost due to NAFTA have been in the manufacturing sector. These are good paying U.S. jobs that have been shipped overseas. But rather than take the successes of the US-Jordan FTA which was heralded by the Clinton Administration, labor and environment organizations, as the new model for trade agreements, the Bush Administration is taking us down the path of further job losses.

Neither trade agreement includes the International Labour Organization's (ILO) five core labor standards. While both countries claim to uphold the ILO's core labor standards, there is nothing in the agreements that require either country to do so. If these countries are truly committed to the five core labor standards then there is no reason to exclude binding agreement language that would have committed these countries to adhering to them. It is time to make labor standards as serious an issue in trade agreements as the commercial provisions—especially when the involved parties claim to uphold ILO's policies anyway.

Furthermore, these agreements fail to provide the same enforcement mechanisms for labor and environmental violations as the agreements provide for commercial violations. Once again, the Administration chooses to relegate labor and environment to a substandard class. Under the Chile and Singapore agreements, once a determination that a labor violation has been made the first course of action is a fine, which is capped at $15 million annually. This is a mere slap on the wrist for a country that could be found in serious violation of the labor provisions. The negotiated course of enforcement pales in comparison to the sanctions that are available for commercial violations.

In addition to the failures of the labor provisions in both trade agreements, both agreements set up a new immigration visa program. This sets a dangerous precedent by including U.S. immigration law in trade agreements. Nor was this

provision authorized in the Fast Track negotiating language that narrowly passed the House of Representatives. House Judiciary members of both the majority and minority have expressed serious reservations about including U.S. immigration law in trade agreements, and usurping Congress's constitutional authority. The current H-1B visa program is a 3-year temporary work visa, which may be renewed one time. The new visa program negotiated in these trade agreements will allow an indefinite renewal of 5,800 nationals from Singapore and Chile. This means that we are earmarking ten percent of the current H1-B visa program to nationals from these small countries in these small agreements.

Another serious concern we have is the fact that the implementing language contradicts the trade agreement language with respect to the new visa program. It is doublespeak. The implementing language attempts to address the concern of allowing new immigrant workers only upon certifying that U.S. workers won't be displaced; the negotiated trade agreements prohibit such certification as a condition of entry. As the U.S. experienced with NAFTA, it is the trade agreement, and not the domestic statute that takes precedent under global trade rules.

Finally, these two agreements should not be used as a model for future trade agreements. A vote in support of the agreements signals to the Administration that the model used for Chile and Singapore is acceptable, when it is far from acceptable. We oppose both agreements, the implementing legislation and urge the Administration to avoid using the flawed Chile and Singapore model for future trade agreements.

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